

**UNIFIED FIRE AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**

**June 30, 2005**

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WISAN, SMITH, RACKER & PRESCOTT, LLP  
C E R T I F I E D P U B L I C A C C O U N T A N T S

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Unified Fire Authority

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Unified Fire Authority (UFA) as of June 30, 2005, and for the year then ended, listed in the foregoing table of contents. These financial statements are the responsibility of UFA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Unified Fire Authority as of June 30, 2005 and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2005, on our consideration of UFA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis listed in the table of contents is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the U.S. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise UFA's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Wisan Smith Racker & Prescott, LLP*

Salt Lake City, Utah  
October 12, 2005

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# UNIFIED FIRE AUTHORITY

## Management's Discussion and Analysis (Unaudited)

As management of Unified Fire Authority (UFA), we offer readers of UFA's financial statements this narrative overview and analysis of the financial activities of UFA for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the notes to the financial statements. This is the first year of operations for UFA; therefore, there are no comparisons to any previous years' figures.

### Financial Highlights

The assets of UFA exceeded its liabilities at June 30, 2005 by \$4,430,432 (*net assets*). The portion of net assets which represents the amount UFA can use to meet on-going financial obligations is the *unrestricted net assets*. This amount was \$3,394,552 at June 30, 2005.

The *unreserved fund balance* as reported in the fund level statements represents the amount available for appropriation and spending. This amount was \$3,063,556. Unreserved fund balance represents 9% of total fund expenditures, while total fund balance represents 18% of that same amount.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to UFA's basic financial statements. UFA's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of UFA's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of UFA's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of UFA is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of UFA that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of UFA are fire suppression, fire prevention, fire training, EMS support, hazmat services, arson/bomb investigations, and emergency management. UFA currently does not have any business-type activities.

# UNIFIED FIRE AUTHORITY

## Management's Discussion and Analysis (Unaudited)

### Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. UFA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of UFA are governmental funds.

### Governmental funds

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

UFA maintains two major funds under governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the Fire fund and the Emergency Services fund.

UFA adopts an annual appropriated budget for its funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful measurement to assist with understanding the financial position of UFA. At the close of June 30, 2005, assets exceeded liabilities by \$4,430,432.

# UNIFIED FIRE AUTHORITY

## Management's Discussion and Analysis (Unaudited)

### Statement of Net Assets

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$1,626,003
Public Treasurer's Investment Fund	5,161,277
Receivables	800,158
Deposits	530,029
Capital Assets, net of depreciation	<u>1,035,880</u>
<b>Total Assets</b>	<u><b>\$9,153,347</b></u>
<b>Liabilities</b>	
Accounts payable	\$1,069,626
Accrued liabilities	1,270,886
Noncurrent liabilities	
Due within one year	-
Due in more than one year	<u>2,382,403</u>
<b>Total Liabilities</b>	<u><b>\$4,722,915</b></u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	\$1,035,880
Unrestricted	<u>3,394,552</u>
<b>Total Net Assets</b>	<u><b>\$4,430,432</b></u>

Investment in capital assets is comprised of computers, furniture, machinery, and transportation equipment. This amount includes capital assets transferred from Salt Lake County, at UFA's inception, with a net book value of \$624,685.

### Financial Analysis of UFA's Funds

As noted earlier, UFA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

# UNIFIED FIRE AUTHORITY

## Management's Discussion and Analysis (Unaudited)

### Governmental funds

The focus of UFA's *governmental funds* is to provide information on near-term inflows, outflows, and balance of *spendable* resources. Such information is useful in assessing UFA's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2005, the aggregate fund balance of UFA's governmental funds was \$5,776,955. Approximately 53% of the aggregate fund balance is undesignated, which is available for appropriation by the UFA Board. The remainder of the fund balance is either reserved or designated and is not available for new spending because it has already been committed.

### Changes in Net Assets

Operating revenues	\$ 34,208,635
Operating expenses	<u>(32,704,343)</u>
Operating income	1,504,292
Non-operating revenues, net	<u>1,797,198</u>
Income (loss) before capital contributions	3,301,490
Capital contributions and grants	<u>1,128,942</u>
Change in net assets	4,430,432
Net assets – beginning	<u>0</u>
Net assets - ending	<u>\$ 4,430,432</u>

The net assets reflect UFA's conservative spending, lower County administrative costs, grant revenues exceeding expectations, and overall efficient management of assets, in this initial operating year.

### General Fund Budgetary Highlights

Differences between the original budget and the final amended budget can be summarized as follows: increase in federal/state grants \$984,787, increase in search & rescue revenue \$82,379, and decrease in fees from Salt Lake County \$292,379.

### Capital Asset and Debt Administration

#### Capital Assets

UFA's investment in capital assets for governmental activities at June 30, 2005, was \$1,035,880 (net of depreciation). The investment in capital assets include computer equipment, furniture, light & heavy vehicles, and machinery. Approximately \$487,000 was spent this year for the purchase of defibrillators and CPR machines.

# UNIFIED FIRE AUTHORITY

## Management's Discussion and Analysis (Unaudited)

### Capital Assets

Computer software and equipment	\$ 123,129
Furniture and fixtures	14,018
Machinery and equipment	1,336,007
Transportation equipment	<u>35,501</u>
	\$1,508,655
Less: accumulated depreciation	<u>472,775</u>
Net Capital Assets	<u>\$1,035,880</u>

### Long-term Debt

UFA currently has no long-term debt. However, UFA entered into a Master Lease Agreement for the acquisition of new fire apparatus, fire engines, and heavy rescue vehicles in fiscal year 05-06. The total long-term debt incurred will be \$9,263,289, with annual payments to be made over 7 years.

### Economic Factors and Next Year's Budgets and Rates

On January 1, 2005, Cottonwood Heights which previously was an unincorporated area of Salt Lake County, became a city. Effective July 1, 2005, Cottonwood Heights became a member of UFA. This will not impact UFA's budget for fiscal year 05-06, but member fees from the Salt Lake Valley Fire District will decrease and Cottonwood Heights will be a new member city of UFA, paying it's own fees.

### Requests for Information

This financial report is designed to provide a general overview of UFA's finances for all those with an interest in UFA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief Financial Officer, 3380 South 900 West, Salt Lake City, UT, 84119.

*The accompanying notes are an integral part of the financial statements.*



**UNIFIED FIRE AUTHORITY  
STATEMENT OF NET ASSETS  
June 30, 2005**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,626,003
Public Treasurer's Investment Fund	5,161,277
Receivables	800,158
Deposits	530,029
Capital Assets, net of depreciation	<u>1,035,880</u>
<b>TOTAL ASSETS</b>	<u><b>9,153,347</b></u>
<b>LIABILITIES</b>	
Accounts payable	1,069,626
Accrued liabilities	1,270,886
Noncurrent liabilities	
Due within one year	-
Due in more than one year	<u>2,382,403</u>
<b>TOTAL LIABILITIES</b>	<u><b>4,722,915</b></u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	1,035,880
Unrestricted	<u>3,394,552</u>
<b>TOTAL NET ASSETS</b>	<u><b>\$ 4,430,432</b></u>

*The accompanying notes are an integral part of the financial statements.*

**UNIFIED FIRE AUTHORITY  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2005**

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Assets Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Fire protection and ambulance services	\$ 32,704,343	\$ 34,208,635	\$ -	\$ 1,128,942	\$ 2,633,234
General Revenues:					
	Unrestricted investment earnings				175,636
	Miscellaneous				52,833
	Rent income				17,235
	Initial contribution				1,551,494
	Total general revenues				1,797,198
	Change in net assets				4,430,432
	Net assets - beginning				-
	Net assets - ending				\$ 4,430,432

*The accompanying notes are an integral part of the financial statements.*

**UNIFIED FIRE AUTHORITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2005**

	<b>MAJOR FUNDS</b>		<b>TOTALS</b>
	<b>General Fund</b>	<b>Emergency Services</b>	<b>2005</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 1,269,985	\$ 356,018	\$ 1,626,003
Public Treasurer's Investment Fund	4,642,424	518,853	5,161,277
Receivables:			
Accounts receivable	621,130	69,959	691,089
Grants receivable	63,736	45,333	109,069
Due from other funds	21,481	-	21,481
Prepaid expense	42,538	487,491	530,029
<b>TOTAL CURRENT ASSETS</b>	<b>6,661,294</b>	<b>1,477,654</b>	<b>8,138,948</b>
<b>TOTAL ASSETS</b>	<b>\$ 6,661,294</b>	<b>\$ 1,477,654</b>	<b>\$ 8,138,948</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 947,049	\$ 122,577	\$ 1,069,626
Accrued expenses	1,160,146	110,740	1,270,886
Due to other funds	-	21,481	21,481
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,107,195</b>	<b>254,798</b>	<b>2,361,993</b>
<b>TOTAL LIABILITIES</b>	<b>2,107,195</b>	<b>254,798</b>	<b>2,361,993</b>
<b>FUND BALANCES</b>			
Reserved for:			
Capital outlay	925,000	-	925,000
Compensated absences	755,559	85,271	840,830
Encumbrances	789,654	157,915	947,569
Unreserved	2,083,886	979,670	3,063,556
<b>TOTAL FUND BALANCES</b>	<b>4,554,099</b>	<b>1,222,856</b>	<b>5,776,955</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,661,294</b>	<b>\$ 1,477,654</b>	<b>\$ 8,138,948</b>

*The accompanying notes are an integral part of the financial statements.*

**UNIFIED FIRE AUTHORITY**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET ASSETS**  
**June 30, 2005**

Total Fund Balances - Governmental Funds \$ 5,776,955

Amounts reported for governmental activities in the Statement of Net  
Assets are different because:

Capital assets in governmental activities are not  
financial resources and therefore are not  
reported in the governmental funds balance sheet.  
Capital assets consist of the following:

Equipment	\$ 1,508,655	
Accumulated Depreciation	<u>(472,775)</u>	1,035,880

Some liabilities are not due and payable in the  
current year and therefore are not reported in the  
governmental funds balance sheet. These liabilities  
consist of the following:

Compensated absences	<u>(2,382,403)</u>
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Net Assets of Governmental Activities \$ 4,430,432

*The accompanying notes are an integral part of the financial statements.*

**UNIFIED FIRE AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year ended June 30, 2005**

	<b>MAJOR FUNDS</b>		<b>TOTALS</b>
	<b>General Fire</b>	<b>Emergency Services</b>	<b>2005</b>
<b>REVENUES</b>			
Member fees	\$ 27,754,706	\$ -	\$ 27,754,706
Paramedic contract	1,164,605	-	1,164,605
Fees - Wildland	1,164,688	-	1,164,688
Fees - Emergency services	-	3,840,310	3,840,310
Fees - other	52,149	40,508	92,657
Grants and donations	167,517	961,425	1,128,942
Reimbursements	75,922	115,747	191,669
Rent income	17,235	-	17,235
Interest income	154,895	20,741	175,636
Other income	50,598	2,235	52,833
<b>TOTAL REVENUES</b>	<b>30,602,315</b>	<b>4,980,966</b>	<b>35,583,281</b>
<b>EXPENDITURES</b>			
Current:			
Salaries and benefits	21,407,868	2,348,805	23,756,673
Operations	2,794,340	1,227,509	4,021,849
General and administrative	2,353,820	16,266	2,370,086
Capital outlay	529,928	54,599	584,527
<b>TOTAL EXPENDITURES</b>	<b>27,085,956</b>	<b>3,647,179</b>	<b>30,733,135</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>3,516,359</b>	<b>1,333,787</b>	<b>4,850,146</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Initial contribution	841,538	85,271	926,809
Transfers in	196,202	-	196,202
Transfers out	-	(196,202)	(196,202)
<b>Total other financing sources (uses)</b>	<b>1,037,740</b>	<b>(110,931)</b>	<b>926,809</b>
<b>Excess of revenues/sources over expenditures/uses</b>	<b>4,554,099</b>	<b>1,222,856</b>	<b>5,776,955</b>
<b>Fund balance at beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance at end of year</b>	<b>\$ 4,554,099</b>	<b>\$ 1,222,856</b>	<b>\$ 5,776,955</b>

*The accompanying notes are an integral part of the financial statements.*

**UNIFIED FIRE AUTHORITY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year ended June 30, 2005**

Net Change in Fund Balances - Total Governmental Funds \$ 5,776,955

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Capital outlays are reported as expenditures in  
governmental funds. However, in the Statement of  
Activities, the cost of capital assets is allocated over  
their estimated useful lives as depreciation expense.  
In the current year, these amount were as follows:

Capital assets transferred in	\$ 624,685	
Capital outlay	584,527	
Depreciation expense	<u>(173,332)</u>	1,035,880

Some expenses reported in the Statement of Activities  
do not require the use of current financial resources  
and therefore are not reported as expenditures in  
government funds. These activities consist of the  
following:

Increase in compensated absences	<u>(2,382,403)</u>
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Change in Net Assets of Governmental Activities \$ 4,430,432

*The accompanying notes are an integral part of the financial statements.*

**UNIFIED FIRE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Unified Fire Authority (UFA) was formed July 1, 2004. The political subdivision was organized under an interlocal agreement to provide fire and emergency protection services to its members' jurisdictions. UFA is a separate legal entity, with a ten member board, three of which are appointed by Salt Lake County and seven of which are appointed by member cities. As of June 30, 2005, members included Salt Lake County; the cities of Taylorsville, Holladay, Riverton, Draper, Herriman, and the Town of Alta. Board members serve for a specified term and cannot be removed without cause. However, as the members are unable to impose their will and are not financially accountable for UFA, UFA is not reported as a component unit of the members.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of UFA. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific program. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Other items not properly included among program revenues are reported as general revenues. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within ninety days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**UNIFIED FIRE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

*Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(continued)*

Grants associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when UFA receives cash.

*Fund Accounting*

UFA uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. UFA only uses governmental funds.

*Governmental Funds*

Governmental funds are those through which most of the governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

UFA segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A statement is presented for governmental activities. This statement presents each major fund as a separate column of the fund financial statements. UFA has two major funds.

UFA has presented the following major governmental funds:

- *General Fund* – the general fund is the main operating fund of UFA, used for all financial resources not accounted for in other funds. All general revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.
- *Emergency Services Fund* – the emergency services fund is used to account for funds received and expended for the operation of the Emergency Operations function for Salt Lake County.



**UNIFIED FIRE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Cash and Cash Equivalents**

Cash equivalents are highly liquid investments with maturities of three months or less when purchased. The Public Treasurer's Investment Fund has been shown separately for convenience of presentation.

**Accounts Receivable**

Accounts receivable are generally comprised of receivables on reimbursement of ambulance services and Wildland operations, which are expected to be paid by private and government entities. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management does not expect any uncollectible amounts as all payments are from governmental entities or under contract.

**Capital Assets**

Capital assets, which include various types of equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased, and at fair market value at the date of gift, if donated.

Major additions are capitalized, while maintenance and repairs which do not improve or extend the life of the respected assets, are charged to expense.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Equipment	3 – 7 years
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No depreciation is provided on construction in progress until the asset is placed in service. UFA does not possess any infrastructure. UFA uses certain vehicles and station facilities which are owned by its members and are not reflected in capital assets.

**Compensated Absences**

For governmental funds amounts of vested or accumulated vacation that are not expected to be liquidated with expendable available resources are reported as liabilities in the government-wide statement of net assets and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation leave is recorded as an expense and a liability as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund statements. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate sick leave. Accumulated sick leave is paid to employees upon retirement, at a rate of 25% of the total accumulated leave.

**UNIFIED FIRE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

*Compensated Absences (continued)*

Employees that are terminated for any reasons other than retirement are not paid for accumulated sick leave. The liability for accumulated sick pay amounts is not accrued until an employee becomes eligible for retirement.

*Revenues – Exchange and Non-Exchange Transactions*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Nonexchange transactions, in which UFA receives value without directly giving value in return, include grant and donations. On the accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which UFA must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to UFA on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must be available before it can be recognized.

*Expenditure Recognition*

In governmental funds, expenditures are generally recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures, and proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, UFA generally uses restricted resources first, then unrestricted resources.

*Net Assets/Fund Balances*

The difference between assets and liabilities is reported as net assets on the government-wide and fund balance on the governmental fund statements.

In the governmental fund statements, fund balances are classified as reserved or unreserved. Reserves represent those portions of fund balance that are not available for expenditures or are legally segregated for a specific future use. Unreserved fund balances are available for future appropriation, though some portions may be designated to represent management's tentative plans for specific future uses.

**UNIFIED FIRE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

UFA's net assets are classified as follows:

- *Invested in capital assets, net of related debt* – This component of net assets consists of UFA's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding debt obligations related to those assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.
- *Unrestricted* – This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**Transactions Between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations in the fund financial statements, but are generally excluded from the government-wide financial statements. Interfund balances are due to timing differences.

**Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents consisted of the following at June 30, 2005:

**Cash and cash equivalents:**

Cash -- Net of outstanding checks	\$ 1,063,955
Repurchase agreements	562,048
Public Treasurers Investment Fund	<u>5,161,277</u>

Total cash and cash equivalents	<u>\$ 6,787,280</u>
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**UNIFIED FIRE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)  
As of June 30, 2005 UFA had the following deposits and investments:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
Repurchase agreements	July 2005	\$ 562,048
Pool cash - Utah Public		
Treasurer's Investment Fund	57 days average	5,161,277
Total investments		<u>5,723,325</u>
<b>Deposits</b>		
Cash deposits - net of		
outstanding checks	N/A	1,063,655
Cash on hand	N/A	<u>300</u>
<b>Total cash, cash equivalents and investments held by UFA</b>		<u><b>\$ 6,787,280</b></u>

**Deposits** – State law requires that UFA deposits be deposited with a “qualified depository” as defined by the Utah Money Management Act (UMMA). “Qualified depository” includes any depository institution that has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

**Custodial credit risk** for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and deposits are: (1) Uncollateralized, (2) Collateralized with securities held by the pledging financial institution, or (3) Collateralized with securities held by the pledging financial institution’s trust department or agent but not in the depositor-government’s name. As of June 30, 2005 UFA’s deposits had a carrying value of \$1,063,955 and a bank balance of \$9 which is covered by federal depository insurance. UFA does not have a deposit policy for custodial credit risk. However, Utah State Law does not require deposits to be insured or collateralized.

**Investments** – UFA’s investment policies are also governed by the UMMA. The UMMA mandates that investment transactions be conducted only through qualified depositories, certified dealers or directly with issuers of the investment securities.

**UNIFIED FIRE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

*Custodial Credit Risk* for an investment is the risk that, in the event of the failure of the counterparty, UFA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either: (1) The counterparty or (2) The counterparty's trust department or agent but not in the government's name. Repurchase agreements with a qualified depository in the amount of \$562,048, which is the fair value at June 30, 2005, are supported by a safekeeping receipt issued by a qualified depository but the securities are held by the investment's counterparty, not in the name of UFA. UFA does not have an investment policy for custodial credit risk.

*Interest Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. UFA's investment policy limits the term of investments to a maximum maturity that shall not exceed five years in order to manage its exposure to fair value losses arising from increasing interest rates. The investment policy also specifies that UFA's investment portfolio will remain sufficiently liquid to enable UFA to meet all operating requirements which might be reasonably anticipated.

**NOTE 3 - CAPITAL ASSETS**

At inception, Salt Lake County transferred capital assets with a net book value of \$624,685 to UFA.

The changes in capital assets for the year ended June 30, 2005 are as follows:

	<u>July 1, 2004</u>	<u>Additions/ Transfers In</u>	<u>Disposals/ Transfers Out</u>	<u>June 30, 2005</u>
Capital assets being depreciated:				
Computer software and equipment	\$ -	\$ 123,129	\$ -	\$ 123,129
Furniture and fixtures	-	14,018	-	14,018
Machinery and equipment	-	1,336,007	-	1,336,007
Transportation equipment	-	35,501	-	35,501
Total capital assets being depreciated	-	1,508,655	-	1,508,655
Less accumulated depreciation for:				
Computer software and equipment	-	(53,637)	-	(53,637)
Furniture and fixtures	-	(555)	-	(555)
Machinery and equipment	-	(418,583)	-	(418,583)
Transportation equipment	-	-	-	-
Total accumulated depreciation	-	(472,775)	-	(472,775)
Total capital assets, net	<u>\$ -</u>	<u>\$ 1,035,880</u>	<u>\$ -</u>	<u>\$ 1,035,880</u>

Depreciation charged for the year ended June 30, 2005 was \$173,332.

**UNIFIED FIRE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 4 - RETIREMENT PLANS**

*Plan Description* – UFA contributes to the Local Governmental Noncontributory Retirement System (Noncontributory System), Public Safety Retirement System (Public Safety System) for employers (without) Social Security coverage, Firefighters Retirement System (Firefighters System) which is for employers (without) Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans (collectively, the Systems or Plans) administered by the Utah Retirement Systems (“URS”). URS provides retirement benefits, annual cost of living allowances and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the State legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (“Chapter 49”) as amended, which also establishes the Utah State Retirement Office (“Office”) for the administration of URS and Plans. Chapter 49 places URS, the Office, and related plans and programs under direction of the Utah State Retirement Board (“Board”) whose members are appointed by the Governor. URS issues a publicly available financial report that includes financial statements and required supplementary information for URS and Plans. A copy of the report may be obtained by writing to the Utah Retirement System, 540 East 200 South, Salt Lake City, UT 84012 or by calling 1-800-365-8772.

UFA offers its full-time employees participation in a defined contribution plan created in accordance with Internal Revenue Code Section 401(k) (the “401(k) Plan”). The 401(k) Plan is administered by URS. Employees may contribute from 1% to 100% of their annual salary up to a maximum of \$14,000 for 2005. UFA contributes 3% of the covered payroll for public service employees.

Contributions made by employees to the 401(k) Plan were \$537,247 for the year ended June 30, 2005. Contributions made by UFA to the 401(k) Plan were \$57,490 for the year ended June 30, 2005.

*Funding Policy* – UFA was required to contribute a percent of covered salary to the respective systems, 11.09% to the Noncontributory, 19.08% to the Public Safety Noncontributory and 7.83% to the Firefighters Systems. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

UFA contributions to the Local Government Noncontributory Retirement System for the Year ended June 30, 2005 were; for the Noncontributory System, \$86,808; for the Public Safety Noncontributory, \$61,251; and for the Firefighters System, \$1,200,393. The contributions were equal to the required contributions for each year.

**UNIFIED FIRE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 5 - DEFERRED COMPENSATION PLANS**

UFA offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 (the 457 Plan). The 457 Plan, administered by the Utah Retirement Systems and available to all UFA employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees or their beneficiaries until termination, retirement, death, or unforeseeable emergency. The 457 deferred compensation monies are not available to UFA or its general creditors. UFA's contributions for each employee (and interest allocated to the employee's account) are fully vested in the employee's account from the date of employment. During the year ended June 30, 2005 no contributions were made to the plan by UFA.

**NOTE 6 - COMPENSATED ABSENCES**

The changes in compensated absences for the year ended June 30, 2005 are as follows:

	<u>Transferred In</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>June 30, 2005</u>
Vacation	\$ 1,846,226	\$ 10,002	\$ (123,545)	\$ 1,732,683
Sick leave	<u>649,720</u>	<u>-</u>	<u>-</u>	<u>649,720</u>
Total compensated absences	<u>\$ 2,495,946</u>	<u>\$ 10,002</u>	<u>\$ (123,545)</u>	<u>\$ 2,382,403</u>

**NOTE 7 - SUBSEQUENT EVENTS**

In March 2005, UFA entered into a lease agreement, with option to purchase, for the acquisition of two fire engines. The first of seven annual payments in the amount of \$88,135 was due July 15, 2005.

Also in March 2005, UFA entered into a Master Lease Agreement for the acquisition of seventeen fire apparatus and a heavy rescue vehicle. The equipment is due to be delivered in November 2005. The first of seven annual payments in the amount of \$1,235,192 is due January 15, 2006. The member fees include an amount each year to help pay for equipment acquisition. During 2005 \$925,000 was received for this purpose and is reserved for capital outlay until paid.

**NOTE 8 - CONTINGENCIES**

As of June 30, 2005, UFA did not have any pending litigation or potential nondisclosed liabilities.

**UNIFIED FIRE AUTHORITY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
Year ended June 30, 2005**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	
<b>REVENUES</b>				
Member fees	\$ 27,754,666	\$ 27,754,666	\$ 27,754,706	\$ 40
Paramedic contract	359,997	359,997	1,164,605	804,608
Fees - Wildland	1,297,000	1,297,000	1,164,688	(132,312)
Fees - other	65,000	65,000	52,149	(12,851)
Grants and donations	134,549	210,989	167,517	(43,472)
Reimbursements - USAR	80,216	80,216	75,922	(4,294)
Rent income	-	-	17,235	17,235
Interest income	-	-	154,895	154,895
Other income	4,000	4,000	50,598	46,598
<b>TOTAL REVENUES</b>	<b>29,695,428</b>	<b>29,771,868</b>	<b>30,602,315</b>	<b>830,447</b>
<b>EXPENDITURES</b>				
Salaries and benefits	22,650,428	22,256,668	21,477,259	779,409
Operations	4,591,629	3,466,842	3,340,982	125,860
General and administrative	1,611,649	2,585,458	2,407,365	178,093
Capital outlay	1,011,722	1,632,900	686,376	946,524
<b>TOTAL EXPENDITURES</b>	<b>29,865,428</b>	<b>29,941,868</b>	<b>27,911,982</b>	<b>2,029,886</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(170,000)</b>	<b>(170,000)</b>	<b>2,690,333</b>	<b>2,860,333</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Initial contribution	-	-	841,538	841,538
Transfers in	170,000	170,000	196,202	26,202
<b>Total other financing sources (uses)</b>	<b>170,000</b>	<b>170,000</b>	<b>1,037,740</b>	<b>867,740</b>
<b>Excess of revenues/sources over expenditures/uses</b>	<b>-</b>	<b>-</b>	<b>3,728,073</b>	<b>3,728,073</b>
<b>Fund balance at beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance at end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,728,073</b>	<b>\$ 3,728,073</b>



**UNIFIED FIRE AUTHORITY  
BUDGETARY COMPARISON SCHEDULE  
EMERGENCY SERVICES FUND  
Year ended June 30, 2005**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget - Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Fees - Emergency services	\$ 4,132,689	\$ 3,840,310	\$ 3,840,310	\$ -
Fees - other	-	-	40,508	40,508
Grants and donations	-	908,347	961,425	53,078
Reimbursements - USAR	-	82,379	115,747	33,368
Interest income	-	-	20,741	20,741
Other income	-	-	2,236	2,236
<b>TOTAL REVENUES</b>	<b>4,132,689</b>	<b>4,831,036</b>	<b>4,980,967</b>	<b>149,931</b>
<b>EXPENDITURES</b>				
Salaries and benefits	2,572,553	2,456,553	2,353,316	103,237
Operations	1,190,986	1,539,575	1,324,028	215,547
General and administrative	20,450	18,193	16,901	1,292
Capital outlay	178,700	619,715	598,340	21,375
<b>TOTAL EXPENDITURES</b>	<b>3,962,689</b>	<b>4,634,036</b>	<b>4,292,585</b>	<b>341,451</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>170,000</b>	<b>197,000</b>	<b>688,382</b>	<b>491,382</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Initial contribution	-	-	85,271	85,271
Transfers in	-	-	-	-
Transfers out	(170,000)	(197,000)	(196,202)	798
<b>Total other financing sources (uses)</b>	<b>(170,000)</b>	<b>(197,000)</b>	<b>(110,931)</b>	<b>86,069</b>
<b>Excess of revenues/sources over expenditures/uses</b>	<b>-</b>	<b>-</b>	<b>577,451</b>	<b>577,451</b>
<b>Fund balance at beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance at end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 577,451</b>	<b>\$ 577,451</b>

**UNIFIED FIRE AUTHORITY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2005**

**NOTE 1 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

Unified Fire Authority adopts an "appropriated budget" for the General Fund and Emergency Services Fund. UFA is required to present the adopted and final amended budgeted revenue and expenditures for each of these funds.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- By the first regularly scheduled Board meeting in May, UFA prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
- A meeting of the Board of Trustees is then called for the purpose of adopting the proposed budget after seven days public notice of the meeting has been given.
- Prior to June 22, the budget is legally enacted through a passage of a resolution by the Board of Trustees. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end.
- Each budget is prepared and controlled by the budget coordinator at the revenue expenditure function/object level. Budgeted amounts are as amended by the Board of Trustees.
- The budgets for all funds must be filed with the Utah State Auditor with 30 days of adoption.

**UNIFIED FIRE AUTHORITY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2005**

**NOTE 1 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

*Reconciliation from Budgetary Basis to GAAP Basis*

The differences between budgetary basis and GAAP basis for the year ended June 30, 2005 are as follows:

	<u>General Fund</u>	<u>Emergency Services Fund</u>
<b>Budgetary Fund Balances</b>	\$ 3,728,073	\$ 577,451
Deposits paid for capital assets not received until after the current fiscal year included as expenditures for budgetary purposes, not GAAP	36,372	487,491
Amounts reported for budgetary basis are different because: Encumbrances for goods and services not received until after the current fiscal year included as expenditures for budgetary purposes, not GAAP	<u>789,654</u>	<u>157,914</u>
<b>Total Fund Balances</b>	<u>\$ 4,554,099</u>	<u>\$ 1,222,856</u>

**WISAN, SMITH, RACKER & PRESCOTT, LLP**  
C E R T I F I E D   P U B L I C   A C C O U N T A N T S

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS***

Board of Trustees  
Unified Fire Authority

We have audited the basic financial statements of the governmental activities and each major fund of Unified Fire Authority (UFA), as of and for the year ended June 30, 2005, and have issued our report thereon dated October 12, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered UFA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether UFA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, and the Utah State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

*Wisan Smith Racker & Prescott, LLP*

Salt Lake City, Utah  
October 12, 2005

MEMBER  
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**WISAN, SMITH, RACKER & PRESCOTT<sup>LLP</sup>**  
C E R T I F I E D   P U B L I C   A C C O U N T A N T S

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

Board of Trustees  
Unified Fire Authority

Compliance

We have audited the compliance of Unified Fire Authority (UFA), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. UFA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of UFA's management. Our responsibility is to express an opinion on UFA's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about UFA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of UFA's compliance with those requirements.

In our opinion, UFA complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

MEMBER  
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MEMBER  
UTAH ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

Internal Control Over Compliance

The management of UFA is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered UFA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management, Utah State Auditor's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Wisma Smith Racka & Prescott, LLP*

Salt Lake City, Utah  
October 12, 2005

**UNIFIED FIRE AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended June 30, 2005**

Federal Grantor Agency or PassThrough Entity	Federal CFDA Number	Grant Number	2005 Expenditures
Department of Homeland Security <i>Pass Through Utah Department of Emergency Services - State Domestic Preparedness Equipment Support Programs</i>	97.004	DES-2003-SHSP-002	\$ 120,222
Department of Homeland Security <i>Pass Through Utah Department of Emergency Services - State Homeland Security Grant Program</i>	97.004	DES-2004-SHSP-008	91,751
Department of Homeland Security <i>Pass Through Utah Department of Emergency Services - State Domestic Preparedness Equipment Support Programs</i>	97.004	DES-2005-SHSP-002	367,269
Department of Homeland Security <i>Pass Through Utah Department of Emergency Services - Emergency Management Performance Programs</i>	97.042	SLA-2004-DES-0017	30,317
FEMA <i>Pass Through Utah Division of Emergency Services and Homeland Security - Chemical Stockpile Emergency Preparedness Program (CSEPP)</i>	97.040	DES-CSEPP-2003-003	149,248
FEMA <i>Pass Through Utah Division of Emergency Services and Homeland Security - Chemical Stockpile Emergency Preparedness Program (CSEPP)</i>	97.040	DES-CSEPP-2004-003	61,352
FEMA <i>Pass Through Utah Division of Emergency Services and Homeland Security - Chemical Stockpile Emergency Preparedness Program (CSEPP)</i>	97.040	DES-CSEPP-2005-003	90,075
FEMA <i>Assistance to Firefighters Program</i>	97.044	EMW-2004-FG-14178	76,440
FEMA <i>Assistance to Firefighters Program</i>	97.044	EMW-2003-FP-00990	<u>25,706</u>
Total			<u>\$ 1,012,380</u>

**UNIFIED FIRE AUTHORITY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES**  
**OF FEDERAL AWARDS**  
**Year ended June 30, 2005**

1. **General** - The Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Unified Fire Authority. Federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies are included on the Schedule of Expenditures of Federal Awards.
2. **Basis of Accounting** - The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



**UNIFIED FIRE AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year ended June 30, 2005**

**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements.
2. No reportable conditions relating to the audit of the financial statements are reported.
3. No instances of noncompliance considered to be material to the financial statements were disclosed by the audit.
4. No reportable conditions relating to the audit of the major federal award programs are required to be reported.
5. The auditor's report on compliance with requirements applicable to major federal award programs expresses an unqualified opinion.
6. The audit disclosed no findings that are required to be reported in accordance with OMB Circular A-133.
7. The programs tested as major programs include:

	<u>CFDA Number</u>
Department of Homeland Security	97.004
FEMA	97.040
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. UFA did not qualify as a low-risk auditee.

**FINDINGS—FINANCIAL STATEMENTS AUDIT**

None

**FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

**WISAN, SMITH, RACKER & PRESCOTT<sub>LLP</sub>**  
C E R T I F I E D   P U B L I C   A C C O U N T A N T S

**INDEPENDENT AUDITOR'S REPORT ON STATE OF UTAH  
LEGAL COMPLIANCE**

Board of Trustees  
Unified Fire Authority

We have audited the financial statements of the governmental activities and each major fund of Unified Fire Authority (UFA), as of and for the year ended June 30, 2005, and have issued our report thereon dated October 12, 2005. UFA received the following nonmajor grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of UFA's financial statements).

Emergency Response vehicles (Department of Health)

Our audit included testwork on UFA's compliance with the following general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Other General Issues

UFA did not receive any major State grants during the year ended June 30, 2005.

The management of UFA is responsible for UFA's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about UFA's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, UFA complied, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2005.

*Wisan Smith Racker & Prescott, LLP*

Salt Lake City, Utah  
October 12, 2005

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

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MEMBER  
UTAH ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS